


AR49



SCINTREX
annual report 1973



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EARTH SCIENCE DIVISION

SCINTREX LIMITED
SCINTREX SURVEYS LIMITED

Toronto, Ontario, Canada

Harold O. Seigel, *President*

Jon. G. Baird, *Vice President and General Manager*

Jan Klein, *Operations Manager*

SCINTREX SURVEYS LIMITED

Vancouver, British Columbia, Canada

Michael J. Lewis, *Western Manager*

SCINTREX MINERAL SURVEYS, INC.

Salt Lake City, Utah, U.S.A.

Jack Webster

SCINTREX PTY. LTD.

Sydney, N.S.W., Australia

Anthony W. Howland-Rose, *Managing Director*

Perth, Western Australia

Graham Linford, *General Manager*

SEIGEL ASOCIADOS, S.A. de C.V.

Mexico City, Mexico

Patricio Arcos, *Administrator*

PROGIMINES LIMITEE

Beaconsfield, Quebec, Canada

Mousseau Tremblay, *President*

AUDIO PRODUCTS DIVISION

SCINTREX INC.

Buffalo, N.Y., U.S.A.

Jerry A. Henricks, *Vice President and General Manager*

SCINTREX LIMITED

Toronto, Ontario, Canada

Harry L. Schmidt, *Director of Engineering*

DATA ACQUISITION PRODUCTS DIVISION

INCRE-DATA CORPORATION

Albuquerque, New Mexico, U.S.A.

James J. Bradley, *President*

DIRECTORS

Harold O. Seigel

Alfred J. Shaul

William L. Seigel

Robbert A. Bosschart

Roger H. Pemberton

Gerald Stork

Sidney Ezrin

OFFICERS

Harold O. Seigel, Ph. D., P. Eng.,

President

Gerald Stork, C.A., P. Eng.,

Vice President and Director of Finance and Administration

Jon G. Baird, B. Sc., P. Eng.,

Vice President and General Manager, Earth Science Division

Valentine Burda, M. Sc.,

Vice President and Director of Engineering

Robbert A. Bosschart, Ph. D., P. Eng.,

Vice President and Director of Corporate Development

Alfred J. Shaul, Q.C.,

Secretary-Treasurer

SOLICITORS

Shaul and Nicholson

BANKERS

Bank of Nova Scotia

Marine Midland Bank

Republic National Bank of Dallas

AUDITORS

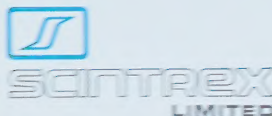
Laventhol Krekstein Horwath & Horwath

TRANSFER AGENT AND REGISTRAR

Guaranty Trust Company of Canada

HEAD OFFICE

222 Snidercroft Road, Concord, Ontario.



PRESIDENT'S REPORT TO THE SHAREHOLDERS

Continued softness in mining exploration markets throughout the world resulted in a net loss for your company in the latest fiscal year.

In our own country, punitive new income tax laws have inhibited the exploration activities of mining companies. Other adverse influences on exploration programs, both in Canada and abroad, were low metal prices, pollution control measures and foreign investment restrictions.

Since the year-end, metal prices have increased substantially, especially copper, zinc, silver and gold. With the possibility of short supplies in future years, mining companies must start to seriously explore for new ore bodies now. While the pace of mineral search programs this year is only slightly more active than in 1972, we believe 1974 will be a much healthier year for geophysical exploration.

In the non-earth science fields, Scintrex suffered small losses in its Audio and Data Acquisition Products Divisions and an even smaller loss (\$15,197) in the company's partnership venture into the electronic distance measuring field. This is in contrast with a loss of \$205,216 for the partnership in the previous year.

Scintrex is continuing with plans to develop new geophysical instruments and techniques. At the same time steps have been taken to streamline the organization to speed up its return to profitability.

Mr. Jon Baird, who has successfully managed our Vancouver branch and who was also largely responsible for the return to profitability of our Australian company, has recently been appointed Vice President and General Manager of the Earth Science Division. Mr. Baird has been employed with Scintrex since 1964.

Mr. Gerald Stork, who joined Scintrex in 1968 as Comptroller, is now Vice President and Director of Finance and Administration and has been made responsible for the Audio and Data Acquisition divisions.

Mr. Valentine Burda, one of the company's original employees (1955) and who has been responsible for Research and Development, has now taken on the additional responsibility for geophysical instrument production in his new role of Vice President and Director of Engineering.

On behalf of the board of directors, I wish to thank our employees for their efforts and loyalty.

Harold O. Seigel,
President.



EARTH SCIENCE DIVISION

Curtailment of exploration by mining companies continued to hurt this division's sales of instruments and contract services. Revenue was down 28% compared to the previous year.

Turair II, the helicopter-borne electromagnetic system, continued to be a highly successful tool for exploration and was used in major contracts in Canada and Australia. In January, the last month of the company's fiscal year, the system was employed in Venezuela as well.

Magnetic Induced Polarization, one of Scintrex' major new techniques for mineral exploration, has now been satisfactorily field-tested under a variety of geologic conditions and is being introduced as an effective exploration tool, through the company's offices around the world.

Mercury soil gas analysis continues to gain interest in the exploration community. Sales of such instruments and services are increasing in popularity, particularly in the more tropical areas of the world.

RESEARCH AND DEVELOPMENT

Development of new equipment is the life-blood of geophysics. On occasion management has been criticized for large expenditures on research during periods of low exploration activity. This year net expenditures have, in fact, been reduced after taking into account government assistance. Spending was down to \$284,757 from \$509,528 in the previous year. Research and development costs continue to be charged as they occur, even though there has been success in developing many new products and systems which will be earning the company revenue for many years to come.

Scintrex is ahead of schedule in its Neutron Activation project and the nickel content of laterite deposits, as well as copper in porphyry copper ores, can now be analysed. This is an important development and could be one of the company's more profitable products in the next few years.

Costs of exploratory and development drilling can be cut by providing on-site neutron logging systems which will quickly and accurately determine the mineral content

of ore-bodies. Neutron activation techniques will also be useful in determining the grade of benches in open pit operations, for grade control, as well as the grade of the feed in the milling process.

Government assistance is currently being provided on five research projects, with grants totalling \$194,127 received during the year.

AUDIO DIVISION

More emphasis is being placed on sales promotion of the consumer hi-fi headphones. Last November Mr. Jerry Henricks, previously with Sylvania and RCA, joined Scintrex as Vice-President and General Manager of the Audio Division. He will be based at the Buffalo plant.

A new lightweight, supra-aural headphone called the "Supra" and a quadraphonic model have been added to the line of Scintrex headphones. The new line of headphones was well received at the June Consumer Electronics Show in Chicago which is the show-place for introducing new hi-fi products.

The high quality headphone market has grown to more than \$20,000,000 sales annually in the U.S.A. alone. With the company's expanded high performance headphone line it is hoped to reach a goal of 10% of that market within the next two years.

DATA ACQUISITION PRODUCTS DIVISION

Incre-Data Corporation (61.1% owned) had a loss of \$32,000 during the year compared with a loss of \$162,000 in the previous year. Sales were \$456,000 compared with \$427,000 in the previous year. Incre-Data now has a backlog of more than \$250,000, having just been awarded orders by the U.S. Federal Aviation Authority and other Federal Government agencies for a number of Mark II-A digital acquisition systems to be installed in aircraft. Incre-Data's lower priced data loggers are beginning to show significant demand for pollution and environmental monitoring applications.



CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS for the year ended January 31

	1973	1972 (Note 1)
Sales	<u>\$3,815,071</u>	<u>\$5,099,168</u>
Cost of sales, including selling and administrative expenses	3,637,913	4,590,162
Depreciation and amortization	347,065	347,834
Research and development expenses	478,884	708,326
Interest and bank charges	114,817	134,461
Share of loss in partnership (Note 9)	15,197	26,098
Minority interest	<u>8,016</u>	<u>(12,408)</u>
	4,601,892	5,794,473
Less research and development grants from the Government of Canada	<u>194,127</u>	<u>198,798</u>
	<u>4,407,765</u>	<u>5,595,675</u>
Loss before income taxes	<u>592,694</u>	<u>496,507</u>
Income taxes (Note 6):		
Current, recovery	(11,573)	(3,398)
Deferred, recovery	<u>(163,468)</u>	<u>(122,473)</u>
	<u>(175,041)</u>	<u>(125,871)</u>
Loss before extraordinary item	417,653	370,636
Provision for loss re partnership (Note 9)	<u>—</u>	<u>179,118</u>
Net loss	<u>417,653</u>	<u>549,754</u>
Retained earnings at beginning of year:		
As previously reported	950,871	1,422,339
Restatement re consolidation of Inco-Data Corporation (Note 1)	<u>88,111</u>	<u>—</u>
As restated	<u>862,760</u>	<u>1,422,339</u>
	445,107	872,585
Less dividends declared on preference shares (Note 4)	<u>—</u>	<u>9,825</u>
Retained earnings at end of year	<u>\$ 445,107</u>	<u>\$ 862,760</u>
Weighted average common shares outstanding	<u>868,038</u>	<u>867,574</u>
Loss per common share (after preferred dividend requirements) (Note 10):		
Loss before extraordinary items	\$ 0.504	\$ 0.451
Net loss	\$ 0.504	\$ 0.656

See accompanying notes



CONSOLIDATED BALANCE SHEET January 31

	1973	1972 (Note 1)
ASSETS		
CURRENT:		
Cash	\$ 138,302	\$ 131,773
Receivables	794,807	1,119,015
Inventories, at the lower of cost and net realizable value	1,022,393	1,207,524
Prepaid expenses and sundry assets	<u>60,216</u>	<u>74,678</u>
	<u>2,015,718</u>	<u>2,532,990</u>
Properties and equipment, at cost	3,149,326	3,143,365
Less accumulated depreciation	<u>1,281,277</u>	<u>1,077,603</u>
	<u>1,868,049</u>	<u>2,065,762</u>
Other:		
Patents and processes, at cost less accumulated amortization of \$52,237 (1972-\$39,381)	97,135	119,916
Excess of cost of subsidiaries over book value on acquisition	<u>337,201</u>	<u>342,932</u>
	<u>434,336</u>	<u>462,848</u>
	<u>\$ 4,318,103</u>	<u>\$ 5,061,600</u>
LIABILITIES		
CURRENT:		
Bank indebtedness (Note 2)	\$ 1,011,827	\$ 838,430
Accounts payable and accrued liabilities	474,836	539,996
Income taxes payable	9,816	51,502
Current portion of long-term debt	<u>76,500</u>	<u>166,260</u>
	<u>1,572,979</u>	<u>1,596,188</u>
Long-term debt (Note 3)	<u>534,483</u>	<u>702,272</u>
Deferred income taxes	<u>6,286</u>	<u>166,848</u>
Minority interest	<u>3,750</u>	<u>(4,266)</u>
SHAREHOLDERS' EQUITY		
Capital (Note 4)	1,675,528	1,664,828
Contributed surplus (Note 5)	79,970	72,970
Retained earnings	<u>445,107</u>	<u>862,760</u>
	<u>2,200,605</u>	<u>2,600,558</u>
	<u>\$ 4,318,103</u>	<u>\$ 5,061,600</u>

ON BEHALF OF THE BOARD
OF DIRECTORS:

Harold O. Seigel, Director
Alfred J. Shaul, Director

See accompanying notes

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS for the year ended January 31

	1973	1972 (Note 1)
Working capital at beginning of year	\$ <u>936,802</u>	\$ <u>1,071,428</u>
SOURCE OF FUNDS:		
Proceeds from issue of common shares	10,700	—
Government of Canada grant re property and equipment	7,000	32,001
Increase in long-term debt	<u>—</u>	<u>574,625</u>
	<u>17,700</u>	<u>606,626</u>
	<u>954,502</u>	<u>1,678,054</u>
USE OF FUNDS:		
Net operating loss	417,653	549,754
Less depreciation and amortization, deferred taxes and other items not requiring an outlay of funds	<u>200,250</u>	<u>264,628</u>
	217,403	285,126
Net investment in properties, equipment and other assets	126,571	446,301
Reduction in long-term debt	167,789	—
Dividends on preference shares	<u>—</u>	<u>9,825</u>
	<u>511,763</u>	<u>741,252</u>
Working capital at end of year	\$ <u>442,739</u>	\$ <u>936,802</u>
Decrease in working capital	\$ <u>494,063</u>	\$ <u>134,626</u>

See accompanying notes



AUDITORS' REPORT to the Shareholders of Scintrex Limited.

We have examined the consolidated balance sheet of Scintrex Limited and its subsidiaries as at January 31, 1973 and the consolidated statements of income and retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at January 31, 1973 and the results of their operations and the source and use of their funds for the year then ended in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change in accounting practice as described in Note 1 to the financial statements, on a basis consistent with that of the preceding year.

LAVENTHOL KREKSTEIN HORWATH & HORWATH
Chartered Accountants

Toronto, Ontario,
April 12, 1973.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended January 31, 1973

1. PRINCIPLES OF CONSOLIDATION:

The accompanying financial statements consolidate the accounts of Scintrex Limited and all subsidiaries. For comparative purposes, the 1972 financial statements have been restated to reflect Incre-Data Corporation, a U.S. subsidiary 61.1% owned (54.3% owned at January 31, 1972) on a fully consolidated basis rather than on the equity method of accounting used and described in 1972.

The effects of this restatement is to replace in the consolidated balance sheet the company's investment in Incre-Data Corporation with the assets and liabilities of Incre-Data together with the minority interest therein and to replace in the consolidated statement of income the equity in earnings (loss)

of Incre-Data with the individual income and expense items of Incre-Data.

Ordinarily there would be no change in the net income (loss) reported on the equity method and the net income (loss) reported on the full consolidated basis. However, because the losses of Incre-Data applicable to the minority interest exceeded the minority's interest in the equity capital, that excess is absorbed by Scintrex on full consolidation. This results in an increase in the 1972 loss previously reported by \$88,111.

The accounts of the consolidated foreign subsidiaries are converted into Canadian currency at the rates of exchange current at January 31, 1973. Properties and equipment are at rates prevailing on dates of acquisition.

2. BANK INDEBTEDNESS:

Included in the bank indebtedness are the following loans:

Scintrex Limited:

Bank debenture at prime rate plus ½% secured by a floating charge on all the assets of the company	\$ 790,000
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Incre-Data Corporation:

Bank notes payable at prime rate plus 1% due October 31, 1973 secured by all the property of that corporation. The carrying values of these assets amount to \$315,000.	221,827
	<u>\$1,011,827</u>

3. LONG TERM DEBT:

Scintrex Limited:

Bank debenture, at prime rate plus 1¼% maturing September 30, 1981, secured by a floating charge on all assets of the company	\$437,500
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Scintrex Inc.:

7¼% mortgage payable, maturing March 31, 1984, secured on the real estate	96,817
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Note payable, at prime rate plus 1¼% maturing November 15, 1976	76,666
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	610,983
	76,500
Less amounts due within one year	<u>\$534,483</u>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

The aggregate amount of principal payments required in each of the next five years is estimated as follows:

1974	1975	1976	1977	1978
\$76,500	76,300	77,000	74,666	58,900

4. CAPITAL:

Authorized:

- 350,000 Preference shares, \$1 par value,
6% cumulative, non-voting, convertible (a)
- 3,000,000 Common shares, no par value

Issued:	Outstanding at beginning of year	Issued under employee's stock purchase plan (b)	Outstanding at end of year
PREFERENCE			
No. of shares	327,500	—	327,500
Par value	\$327,500	—	\$327,500
COMMON			
No. of Shares	867,574	5,569	873,143
Consideration	\$1,337,328	\$10,700	\$1,348,028
Total			
Consideration	\$1,664,828	\$10,700	\$1,675,528

a) Preference shares:

The preference shares may be converted at any time by the holder or holders thereof into fully-paid common shares (as presently constituted) of the company on the basis of one common for two preference shares. Dividends on these 6% cumulative preference shares are payable semi-annually on the last days of July and January of each year. These shares are non-voting unless the company has failed to pay dividends for a period of two years. As of January 31, 1973 the last three semi-annual dividends aggregating \$29,475 have not been declared.

b) Employee stock purchase plan:

The company has offered a savings plan to its employees whereby employees may subscribe for shares up to 10% of their annual wages at a price of 85% of the average market value of the shares for the month immediately preceding the sale to the employees. 10,000 common shares have been set aside out of the Treasury for this purpose and 5,569 shares were issued in January 1973 pursuant to this plan.

c) Employee stock option plan:

32,550 common shares have been set aside under the company's revised 1971 Incentive Stock Option Plan. One-third or 10,850 shares per annum may be issued to employees over a three year period commencing July 1, 1972, at prices of \$2.04 and \$2.465 per share. As of January 31, 1973 no

options have been exercised on these cumulative options.

5. CONTRIBUTED SURPLUS:

This arises from grants under the Industrial Research and Development Incentives Act for capital expenditures incurred for the acquisition of property and equipment. The Act provides for recovery of all or part of the grants where the property and equipment acquired has been sold, destroyed or ceases to be used for scientific research and development. The grant for the current year amounted to \$7,000.

6. INCOME TAXES:

Subsidiaries of the company have accounting losses in current and prior years amounting to \$432,000. As a result, future income tax expense will be reduced at appropriate rates on the following amounts:

- Up to 1977 on \$211,000
- Up to 1978 on \$221,000

7. COMMITMENTS AND CONTINGENCIES:

- a) The company and certain subsidiaries have rental commitments in respect of leased premises for periods up to 1984. The commitments for the next five years are approximately as follows:

1974	1975	1976	1977	1978
\$30,550	28,150	23,450	17,250	17,250

- b) Pending legal proceedings against the company and a wholly-owned subsidiary are litigations incidental to the business of this company and its wholly-owned subsidiary. Liability with respect to the actions has been denied, and while the ultimate result is not determinable at this time, it is believed that the company and its subsidiary have meritorious defenses thereto.

8. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS:

Total remuneration paid to directors and senior officers amounts to \$135,620 for the year (\$129,600 in 1972).

9. A wholly-owned subsidiary and Carrol & Reed Limited entered into a partnership in May 1971 to manufacture and market an electronic distance measuring device. Under the terms of the agreement, the company provided the working capital by way of advances to the partnership. The wholly-owned subsidiary's share of the current year's loss amounted to \$15,197. In 1972 the company considered it prudent to make provision amounting to \$179,118 for the possible loss of its advances to and for obligations of the partnership, which amount was shown as an extraordinary item in the statement of income for 1972.

10. LOSS PER SHARE:

There would be no dilutive effect on the loss per share if the employees had exercised the options under their stock purchase and option plans.



TEN YEAR FINANCIAL SUMMARY for the year ended January 31

	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964
EARNINGS										
Gross Revenue	\$ 3,815	5,099	5,847	5,318	3,153	2,359	1,015	762	612	538
Net Income (loss) before extraordinary items	\$ (418)	(370)	321	462	293	301	151	62	20	43
Net Income (loss)	\$ (418)	(550)	310	512	293	301	151	62	20	43
Per Common Share	\$ (.50)	(.66)	.34	.58	.33	.34	.32	.13	.04	.14
BALANCE SHEET										
Working Capital	\$ 443	936	1,071	1,172	1,172	1,050	522	418	336	270
Property, Plant and Equipment (net)	\$ 1,868	2,066	1,976	1,731	705	467	164	117	120	129
Total Assets	\$ 4,318	5,062	5,215	4,474	2,850	2,272	1,052	935	897	744
Net worth of common share	\$ 2.16	2.62	3.23	2.91	2.28	1.93	1.89	1.82	1.73	2.00
No. of Common Shares Outstanding at Year End	873,143	867,574	867,574	855,614	836,544	821,578	473,144	473,144	473,144	308,653

NOTE: Amounts shown above are thousands of dollars with the exception of net income and net worth per common share, which are stated in dollars.
Effect of stock splits in 1967 and 1970 are included in the above.





AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF SOURCE
AND USE OF FUNDS**
For the six months ended July 31

	<u>1973</u>	<u>1972*</u>
Working capital at beginning of period	<u>\$442,739</u>	<u>\$936,802</u>
SOURCE OF FUNDS:		
From operations:		
Net Loss	(6,614)	(117,686)
Add depreciation and amortization and other items not requiring an outlay of funds	<u>171,282</u>	<u>169,448</u>
Government of Canada grant re properties and equipment	<u>164,668</u>	<u>51,762</u>
	<u>—</u>	<u>3,200</u>
	<u>164,668</u>	<u>54,962</u>
	<u>607,407</u>	<u>991,764</u>
USE OF FUNDS:		
Net investment in properties, equipment and other assets	111,367	104,499
Reduction in long-term debt	<u>41,381</u>	<u>95,526</u>
	<u>152,748</u>	<u>200,025</u>
Working capital at end of period	<u>\$454,659</u>	<u>\$791,739</u>
Increase (decrease) in working capital	<u>\$11,920</u>	<u>\$(145,063)</u>

*For comparative purposes the 1972 figures have been restated to reflect Incre-Data Corporation, a U.S. subsidiary 61.1% owned, on a fully consolidated basis rather than on the equity method of accounting used in 1972.

(The above statement is unaudited)

CanCorp



SCINTREX
LIMITED

INTERIM REPORT

FOR THE SIX MONTHS
ENDED JULY 31, 1973

To The Shareholders:

In the second quarter of the current year your company continued to show improvements compared to the same period of 1972. Volume of sales for the quarter was up 10% to \$1,112,000 on which a small pre-tax profit of \$19,200 was achieved versus a loss of \$71,300 last year. This brings the company's pre-tax profit for the six months to \$21,900. Working capital increased in the second quarter by \$26,400 and now stands at \$454,700.

These figures indicate that the trend is upwards. Revenues have started to rise and management's cost cutting program has brought Scintrex to the point where its operations are becoming profitable even at the present relatively low level of sales.

EARTH SCIENCES DIVISION

This division is operating at a reasonable profit level and its sales volume is improving as the pace of worldwide exploration increases. A large part of our service sales are in techniques proprietary to Scintrex, such as Turair, Elfram, M.I.P. and mercury soil gas surveys.

Overseas markets continue to be important to Scintrex, as recent major contracts indicate. For example, the Geological Survey of India, through the Indian Supply Mission, in Washington, has ordered approximately \$290,000 worth of ground geophysical prospecting instruments, including magnetometers, gravity meters, induced polarization, electro-magnetic and resistivity systems. These purchases, which constitute the Third Phase of a lengthy procurement program, are intended to equip the Geological Survey of India for its expanding role in developing that country's mineral resources. Delivery on this order will take place within the next three months.

The United Nations Development Program has awarded Scintrex a contract to execute a multi-method helicopter-borne geophysical survey in the remote Anti-Atlas region of Morocco. This survey, to a value in excess of \$210,000, is under the joint sponsorship of the U.N.D.P. and the Government of Morocco. Its objective is to assist in the exploration for base metal deposits within the survey area. Work is expected to commence in October and be completed by the year end.

RESEARCH AND DEVELOPMENT

Current research and development expenditures amount to 11% of gross sales before government grants. It is expected that level will be maintained for the remainder of the year, although the company's contribution will decrease as some fully funded projects get underway.

AUDIO PRODUCTS DIVISION

Some recovery in sales of this division in the U.S.A. is now in evidence as new headphone models start to capture market interest.

DATA ACQUISITION PRODUCTS DIVISION

After a slow start this year, this division is now operating at the highest level in its history. However, the pattern of sales is still too uncertain to make meaningful long range predictions.

With a large volume of firm orders on hand in all divisions your management feels assured of profitable company operations throughout the second half of this year.

Harold O. Seigel,
President.

September 20, 1973.



SCINTREX LIMITED

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

For the six months ended July 31

	1973	1972*
Sales	\$2,232,974	\$2,142,804
Cost of sales, including selling and administrative expenses	1,822,996	1,857,932
Depreciation and amortization	175,024	179,073
Research and development expenses	243,290	251,580
Interest and bank charges	72,136	60,858
Share of loss in Carrol & Reed —Scintrex partnership	—	6,167
Minority interest	818	(8,502)
	2,314,264	2,347,108
Less research and development grants from the Government of Canada	103,199	98,316
	2,211,065	2,248,792
Profit (loss) before income taxes	21,909	(105,888)
Income taxes	28,523	11,798
Net Loss	\$ 6,614	\$ 117,686
Number of common shares outstanding	873,143	867,574
Loss per common share (after preferred share dividend requirements)	\$ (.019)	\$ (.147)

*For comparative purposes the 1972 figures have been restated to reflect Incre-Data Corporation, a U.S. subsidiary 61.1% owned, on a fully consolidated basis rather than on the equity method of accounting used in 1972.

(The above statement is unaudited)